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Report of the Trade and Development Board on its fifty-eighth executive session*

Geneva, 12-13 December 2013

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* The present document is an advance version of the report of the Trade and Development Board on its fifty-eighth executive session, held at the United Nations Office at Geneva on 12 and 13 December 2013. It will appear in final form, together with the reports of the twenty-eighth special session, the fifty-ninth executive session and the sixty-first session of the Board, as *Official Records of the General Assembly, Sixty-ninth Session, Supplement No. 15 (A/69/15)*.

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Introduction

The fifty-eighth executive session of the Trade and Development Board was held at the Palais des Nations, Geneva, on 12 and 13 December 2012. In the course of the session, the Board held three plenary meetings, the 1112th to the 1114th.

I. Action by the Trade and Development Board

The Least Developed Countries Report 2013: Growth with employment for inclusive and sustainable development
(Agenda item 2)

1. The Trade and Development Board took note of the UNCTAD *Least Developed Countries Report 2013* as contained in document UNCTAD/LDC/2013.

Report of the Working Party on the Strategic Framework and the Programme Budget on its sixty-sixth session (2-4 December 2013)
(Agenda item 3)

2. The Board took note of the report of the sixty-sixth session of the Working Party on the Strategic Framework and the Programme Budget and endorsed the agreed conclusions of the Working Party approved during the session. The topics of the agreed conclusions of the sixty-sixth session of the Working Party included the proposed UNCTAD biennial programme plan for the period 2016-2017, as well as the follow-up on recommendations from the evaluations of the UNCTAD subprogramme 1: Globalization, interdependence and development and UNCTAD programme on science and technology for development. The agreed conclusions also included a request to consider the draft UNCTAD fundraising strategy at the sixty-seventh session of the Working Party.

3. The representative of one regional group proposed an amendment to the report of the Working Party. As there were no objections to the amendment, the Board requested that the secretariat incorporate the proposed amendment into the report of the Working Party.

Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board
(Agenda item 4)

4. The Trade and Development Board approved the applications of the Islamic Chamber Research and Information Center as contained in document TD/B/EX(58)/R.2, the Al-Jawf Women Organization for Development as contained in document TD/B/EX(58)/R.4 and the "Eurasian Economic Club of Scientists" Association as contained in document TD/B/EX(58)/R.5, for classification in the general category, and of the Coopérative d'Épargne et de Crédit pour des Chrétiens Unis as contained in document TD/B/EX(58)/R.1 and the Fédération internationale des experts comptables et commissaires aux comptes francophones as contained in document TD/B/EX(58)/R.3, for classification in the special category, under rule 77 of the rules of procedure of the Board. These five organizations would be added to the list of non-governmental organizations enjoying observer status with UNCTAD.

Other business
(Agenda item 6)

5. The Board approved the draft UNCTAD calendar of meetings as contained in document TD/B/EX(58)/CRP.1.

II. President's summary

A. Opening plenary meeting

6. The Trade and Development Board discussed the UNCTAD *Least Developed Countries Report 2013: Growth with employment for inclusive and sustainable development*. In his opening statement, the Secretary-General of UNCTAD highlighted the importance of the post-2015 development agenda adequately reflecting development needs of the least developed countries (LDCs), none of which was expected to achieve all of the Millennium Development Goals. He noted that employment was one of the central issues around which a more inclusive growth strategy for development needed to be built in the run-up to 2015 and beyond. Therefore, job creation needed to be put front and centre of development policy.

7. The Director of the UNCTAD Division for Africa, Least Developed Countries and Special Programmes presented the report and recalled that, over the previous three years, UNCTAD *Least Developed Countries Reports* had covered specific topics highlighted in the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020. He said that strong economic growth in LDCs had not brought about commensurate job creation. The special characteristics of LDCs as structurally weak and vulnerable economies made reversing jobless growth critical. To that end, the creation of a virtuous circle of investment, growth and employment was crucial. Furthermore, macroeconomic policies (in particular fiscal policies), enterprise development (through industrial policy), rural development, cross-sectoral policies and public sector work programmes needed to be mobilized.

8. The representatives of the following regional groups and delegations then made statements: Ecuador (on behalf of the Group of 77 and China), Ethiopia (on behalf of the African Group), the Dominican Republic (on behalf of the Group of Latin American and Caribbean Countries), Iraq (on behalf of the Asian Group), Benin (on behalf of the LDC Group), Paraguay (on behalf of the landlocked developing countries), the European Union and its member States, the JUSSCANNZ group, Ethiopia, China, Thailand, Indonesia and Bangladesh. The representative of the African, Caribbean and Pacific Group of States also spoke.

9. All speakers welcomed the *Least Developed Countries Report 2013*, in view of the importance of the topic for LDCs, the quality of its analysis, the pertinence of policy alternatives discussed therein, its timeliness and the relevance of the issues analysed for national and international development policies. The representatives of some regional groups stated that the report was an excellent example of UNCTAD's integrated and holistic approach to development. The representative of one intergovernmental organization stressed that the report would be useful not only to LDCs, but also to countries in Africa, the Caribbean and the Pacific.

10. Several delegations concurred with the report in that growth must be inclusive and accelerate the process of structural transformation. In this context, rural development and the agricultural sector were crucial. They re-emphasized the importance of international support to LDCs. Subregional and regional cooperation — one form of international support — could play a decisive role in promoting sustained economic growth, equitable and inclusive and sustainable development in LDCs, including through improving subregional and regional connectivity, both physically and institutionally. Several delegates emphasized the importance of South-South cooperation which should complement, rather than replace, North-South cooperation.

11. Several other delegations agreed with the emphasis of *Least Developed Countries Reports* on the role of a developmental state in promoting growth and job creation. The representative of one regional group recalled that recent summits in Africa had highlighted job creation and poverty reduction in a coherent manner through national and regional policies to improve investment and enabling environment.

12. The representatives of one some regional groups stated that the post-2015 development agenda should have job growth as one of the key elements of future goals. They welcomed the discussion on the *Least Developed Countries Report 2013* as an opportunity to engage in discourse about the post-2015 development agenda. Some delegates advocated the achievement of a more development-friendly international system through the post-2015 development agenda.

13. Most delegations supported UNCTAD's continued analytical and policy work on LDCs. The representative of one regional group stated that the *Least Developed Countries Reports* made it possible for development partners to debate ideas and development strategies to help LDCs. The representative of one intergovernmental organization stated that UNCTAD's experience in trade mainstreaming could help LDCs to diversify their economies.

14. Most speakers welcomed the successful conclusion of the Ninth Ministerial Conference of the World Trade Organization held in Bali, Indonesia, and several recalled that this should be a step in the direction of ensuring the development benefits of the Doha Round, especially for LDCs. Some delegations placed emphasis on the role of trade in driving sustainable and inclusive economic development, which should be included in the post-2015 development agenda. Some delegates stressed that the international economic environment should become more supportive of LDCs, for example, by providing preferential market access for LDC goods and services sector.

B. Panel discussion on growth with employment for inclusive and sustainable development

15. The executive session of the Trade and Development Board held a panel discussion on the theme of "Growth with employment for inclusive and sustainable development" led by three panellists.

16. The Director of the UNCTAD Division for Africa, Least Developed Countries and Special Programmes introduced the theme, placing the discussion on employment in the broader context of a post-2015 development agenda. He

emphasized that there was general consensus in the international community that inclusive growth, poverty reduction and sustainable development were crucial for LDCs. As noted in the *Least Developed Countries Report 2013*, creating jobs was the most effective and dignified way of reducing poverty and, thus, employment should feature prominently in the agenda of policymakers in LDCs.

17. He noted that the Millennium Development Goals had succeeded in including measures of poverty and human development in the international cooperation agenda and in making a strong case for increased development assistance. However, the accompanying policy approach had not generated a more inclusive strategy of growth and economic development that could support the Millennium Declaration's human development ambitions. One of the lessons learned was that ambitious goals with regard to human development had to be complemented by a comprehensive and holistic policy approach that aimed at generating more inclusive and sustainable development. The LDCs were perhaps the best example of what was meant. Although the LDCs were growing on average by 7 per cent from 2000 to 2008, and by 5 per cent from 2009 to 2013, most of them would miss most of the Millennium Development Goal targets. This could be called the LDC paradox, since they had been growing but had been unable to achieve the Millennium Development Goals. This meant that the developmental benefits of higher growth, stronger international trade and more abundant investment flows did not accrue automatically.

18. Furthermore, the post-2015 sustainable development goals were unlikely to be achieved in a "business-as-usual" scenario for development, without further articulation of the role that trade and economic development could play in achieving them and the changes in development strategies that this would require. Economic development could not be a missing dimension in the post-2015 agenda. It was therefore imperative that the lessons learned during the implementation of the Millennium Development Goals, particularly those reflected in the *Least Developed Countries Report 2013*, were taken into account when formulating the post-2015 development agenda.

19. The first panellist, Mr. Jean-Marie Ehouzou, Ambassador of the African Union, shared his views on the challenges facing LDCs in Africa related to economic development and, in particular, employment creation. He emphasized that LDCs had to contend with the issue of employment creation in a situation where external conditions were less favourable than in the previous decade. The demand for exports from LDCs was weaker at a time when international commodity prices and flows of capital were especially volatile.

20. To generate productive employment, African countries needed to stimulate growth via industrialization. The Tenth African Union Summit in Ethiopia, held in 2008, had been dedicated to industrialization in Africa and a plan of action for industrial development had been adopted. The Summit's recommendations coincided with those of the *Least Developed Countries Report 2013* that a dynamic private sector was needed in order to generate sufficient productive employment.

21. He further stated that in many LDCs in Africa there was also a large potential in agriculture, but the right solutions had to be found for moving away from subsistence agriculture to modern agribusiness production. Famine was still present in many countries on the continent. In that situation, food self-sufficiency had to be one of the priorities of policymakers.

22. The African Union had also adopted, in Uganda in 2010, a Programme for Infrastructure Development in Africa. It was a continent-wide programme to coordinate strategies and policies regarding infrastructure development that encompassed transport, energy, water, telecommunications and information and communications technologies. Finally, including diasporas in the process of development of their home countries through numerous channels could help promote the development of LDCs in Africa. Governments of African States, together with the African Union, were currently searching for modalities to include diasporas in their development strategies.

23. The second panellist, Mr. Carlos Nuno Castel-Branco, Professor at the Eduardo Mondlane University in Maputo, focused on the experience of Mozambique regarding growth and employment. Growth of real gross domestic product had averaged more than 7 per cent annually in the previous 15 years, rendering a per capita growth of almost 5.5 per cent. However, employment creation had been much weaker in the same period.

24. Mozambique had relied on mega-projects in extractive industries to foster growth. Large foreign companies had invested billions of dollars in these mega-projects and the growth rate of the economy had been impressive. However, since these projects were mostly capital-intensive, employment effects were negligible. More precisely, only skilled or semi-skilled workers could find jobs in these activities, precisely the kinds of workers that were scarce in the country. The vast majority of workers pertained to the unskilled category, and job opportunities for them had been extremely limited in the formal sector.

25. Employment for unskilled workers could be found in the informal sector, generally in the form of low-productivity jobs with precarious labour conditions. As working conditions deteriorated for the majority of workers, the number of industrial strikes had increased. Investors had responded by adopting even more capital-intensive technologies, and the country had entered a vicious circle.

26. The policy implications of the situation were that Mozambique should focus on redistribution of rents from extractive resources by means of renegotiating contracts with large foreign companies. A focus on industrial strategy to develop productive capacities outside the extractive industries was also needed to accomplish broad-based development that could provide productive employment for everyone.

27. The third panellist, Mr. Moazam Mahmood, Director, Economic and Labour Market Analysis Department of the Research Division at the International Labour Organization (ILO), said that the ILO commended the *Least Developed Countries Report 2013* for its in-depth analytical content and bold recommendations. The ILO was pleased with the focus of the report on linking employment with growth. In particular, policy recommendations given in the report for strengthening the linkage between growth and employment via investment in non-tradable sectors stood out as bold and innovative.

28. Analysis in an ILO study found the same pattern highlighted by the analysis of the *Least Developed Countries Report 2013* of employment elasticity falling with higher growth. Another feature of the economic performance of LDCs was that commodity-dependent LDCs had done worse in the last five years than those which exported manufacturing goods. This had been the case with the growth rate of gross

domestic product and also with the expansion of merchandise exports. In addition, the nature of commodity export-led growth in LDCs was such that it had very weak traction on job creation, with employment barely following the pace of population growth.

29. He thus noted that the policy recommendations of the ILO were to aim for balanced growth. Consumption-led growth, export-led growth and investment-led growth all had some negative features in terms of depressing investment, employment or consumption and, thereby, aggregate demand. Policymakers should aim at balanced growth to avoid these problems.

30. In the debate that followed, delegates raised some questions on how to move from plans to the implementation of plans, what direction should LDCs take, how to industrialize in the context of the open economy and why export-led growth was not generating more employment. One question focused on how to take advantage of the rebalancing of the Chinese model of growth towards consumption. The panellists responded to the questions by pointing out that growth had returned to most LDCs and that the upgrading of production and technology should be the way to generate productive employment and decent jobs in the future. The development of productive capacities should also be pursued in order to take advantage of emerging opportunities in international export markets.

C. Closing plenary meeting

31. At the closing plenary meeting, with regard to the calendar of meetings for the remainder of 2013 and the indicative calendar for 2014 and 2015, the representative of one intergovernmental organization requested considering the modification of the dates of the induction course for delegates and the Working Party in September, while respecting the dates for the Trade and Development Board. The secretariat noted that the calendar was regularly updated and that the proposed amendment would be reflected in a subsequent version of the calendar to be issued early in 2014.

III. Organizational matters

A. Opening of the session

32. The fifty-eighth executive session of the Trade and Development Board was opened by Mr. Mikhail Khvostov (Belarus), who chaired the session as acting President of the Board, on behalf of Mr. Triyono Wibowo (Philippines), President of the Board.

B. Adoption of the agenda and organization of work
(Agenda item 1)

33. At its opening plenary meeting, the Trade and Development Board adopted the provisional agenda for the session as contained in document TD/B/EX(58)/1. The agenda was thus as follows:

1. Adoption of the agenda and organization of work

2. *The Least Developed Countries Report 2013: Growth with employment for inclusive and sustainable development*

3. Report of the Working Party on the Strategic Framework and the Programme Budget on its sixty-sixth session (2-4 December 2013)

4. Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

5. Provisional agenda for the fifty-ninth executive session of the Board

6. Other business

7. Report of the Trade and Development Board on its fifty-eighth executive session

C. Provisional agenda for the fifty-ninth executive session of the Board

(Agenda item 5)

34. The Trade and Development Board approved the draft provisional agenda of the fifty-ninth executive session of the Board, to be held from 23 to 25 June 2014 (see annex I).

D. Adoption of the report

(Agenda item 7)

35. The Trade and Development Board authorized the acting President and the Rapporteur to finalize the report on its fifty-eighth executive session after the conclusion of the meeting.

Annex I

Provisional agenda for the fifty-ninth executive session of the Trade and Development Board

1. Adoption of the agenda and organization of work
2. Activities undertaken by UNCTAD in support of Africa
3. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary bodies:
   (a) Report of the Working Party
   (b) Report of the Enterprise and Development Commission
   (c) Report of the Trade and Development Commission
   (d) Topics for single-year expert meetings for 2015 and 2016
4. Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board
5. Other business
6. Report of the Board on its fifty-ninth executive session

Annex II

Attendance*

1. Representatives of the following States members of the Trade and Development Board attended the session:

Afghanistan
Austria
Azerbaijan
Bahamas
Bangladesh
Belarus
Belgium
Benin
Burkina Faso
Canada
China
Congo
Côte d'Ivoire
Cuba
Djibouti
Dominican Republic
Ecuador
Egypt
Estonia
Ethiopia
Germany
Greece
Guatemala
Hungary
Indonesia
Madagascar
Iran (Islamic Republic of)
Italy
Japan
Jordan
Kazakhstan
Libya
Lithuania
Malaysia
Maldives
Mexico
Morocco
Mozambique
Myanmar
Netherlands
Niger
Nigeria
Oman
Pakistan
Paraguay
Peru
Philippines
Poland
Portugal
Russian Federation
Rwanda
Saudi Arabia
Spain
Sri Lanka
Switzerland
Thailand
Togo
Trinidad and Tobago
Uganda
United Arab Emirates
United States of America
Uruguay
Yemen
Zambia

2. The following intergovernmental organizations were represented at the session:

African, Caribbean and Pacific Group of States
African Union
European Union
Organization of Islamic Cooperation
South Centre

* This attendance list contains registered participants. For the list of participants, see TD/B/EX(58)/INF.1.

3. The following specialized agencies and related organizations were represented at the session:

Food and Agriculture Organization of the United Nations
International Labour Organization
World Trade Organization

4. The following non-governmental organizations were represented at the session:

General category

International Network for Standardization of Higher Education Degrees
World Association of Former United Nations Interns and Fellows
Village Suisse ONG

Special category

International Council of Nurses